

WORLD WAR HAS ADVANCED U. S. TO FIRST PLACE

Accident of World Conflict
Moves This Country to
Rank of First Economically,
Industrially and Financially, Says Pratt.

(Republican A. P. Leased Wire)
WASHINGTON, Jan. 4.—How the United States through the accident of a world war has moved from its place as a commercially provincial and secondary power to the rank of first importance among the great nations of the world—economically, industrially and financially—is told in detail in the first annual report of Dr. Edward R. Pratt, chief of the Foreign and Domestic Commerce Bureau of the department of commerce.

What the country has gained temporarily through the fortunes of the European conflict, says the report, can be held in the commercial struggle that will be resumed at the conclusion of peace only by the most far-sighted commercial preparedness. Two grave problems face development and maintenance of foreign trade. The first is declared to be that of finance and the second that of training men for the work.

"The financing of our foreign trade," it says, "and in fact by far the larger part of the financing of the world's trade, has hitherto been done through London. During the last hundred years London has been the world's financial market. She has held her position not because of prestige merely, but because the nations of the world needed an international clearing house and London supplied that. At the same time London became the clearing house chiefly because she supplied a large part of the capital needed for public improvements and large private enterprises."

"The United States never has taken any large part in financing foreign trade because of the comparatively small part of that business carried on here and because also of the unfamiliarity of many of our bankers with the methods of international finance. Nor has the United States taken any large part in supplying capital to other countries. On account of more profitable investments at home we have chosen to invest here rather than abroad. This also has been true because of our position as a debtor nation, but probably also a considerable degree because of a 'mental debtor-nation attitude' on the part of our financiers."

"In account of the war this situation is rapidly changing. The volume of foreign business done through New York is continuously increasing and New York banks are rapidly providing facilities for Americans who wish to export. Dollar exchange, a thing practically unheard of prior to this year, is assuming constantly enlarging importance in the financial world and is rapidly becoming popular as a means of meeting international obligations of the country."

Two provisions in the Federal Reserve Act, the report says, have been of material assistance to the foreign trade. One is the introduction of the use of acceptance and the other permission granted to national banks to establish foreign branches. "In thus establishing branch banks in foreign countries," the report continues, "we are following the lead of England, Germany, and other European countries, which have used their banks as trade outposts. European exporters have been able to declare that they had their own banking institutions on the ground, to extend credit to their customers, when such credits were hampered by the lack of these facilities. More important than this, documents containing often the most confidential facts of our merchants and manufacturers have been open to the scrutiny of our competitors."

"It has been a rare sight to see letters of credit or bills of exchange drawn in dollars. Usually the American merchant has done his business in pounds sterling, often paying the cost of conversion. The inauguration of branch banks obviates the necessity of this practice and makes it possible to do business in dollars. With an increasing volume of dollar exchange and with our manufacturers' and exporters' branch banks and American banking institutions, dollar exchange will become more stable. At present dollar exchange is preferred in the money markets of the world. Whether it will be after the restoration of normal conditions in Europe remains to be seen."

"We can never hope to realize the really big prizes in foreign trade until we are prepared to loan capital to foreign nations and to foreign enterprises. The big prizes in foreign trade are public and private developments of large proportions, the building of railroads, construction of public service plants, improvement of harbors and docks, and digging of canals. "New countries generally are poor. They look to older and richer countries to supply them with the capital

KING OF GREEKS RECONCILED TO ALLIES REMAINING IN SALONIKI

(Republican A. P. Leased Wire)
ATHENS, Jan. 4.—The king of the Greeks appears to have altered his viewpoint considerably in the last month. Speaking to the Associated Press correspondent today on the present attitude of Greece toward the allied armies constantly giving rise to annoyance, of which advantage is being taken by the various influences.

The recent demonstrations on M. Venizelos' side today, as well as the fact that the Gounaris majority in the last elections has not yet ventured to demand the formation of a Gounaris cabinet is considered indicative of the popular desire that M. Venizelos be returned to power in place of the present cabinet, which is the subject of the stringent censorship on all telegrams for political purposes has already been the cause of two joint representations by the entente diplomats to the government.

Even those in royal circles begin to admit that Greece possibly may be forced sooner or later to join the entente allies, although they cling to the hope that this may be put off as long as possible. Despite the efforts of both sides, the equivocal situation in Macedonia as the result of the presence of the allied armies constantly gives rise to annoyance, of which advantage is being taken by the various influences.

The delegates represent many denominations, including Episcopal, Baptist, Lutheran, and Presbyterian. The assembly is known as the North American Preparatory Conference, and has a total membership of 203. The meeting this evening was given over to devotional exercises, the reading of a report by the secretary, and an address by the Rev. Bishop C. P. Anderson of Chicago, also the reading of a letter from Cardinal Gasparri, papal secretary of state, written, it was said, at the direction of Pope Benedict.

Dr. Pratt emphasizes the need for trained men to handle foreign trade problems and urges their education along special lines. Schools and colleges so far have seemed unwilling to take on the task, but he says, if they do have failed to give the thorough instruction necessary.

Commercial preparedness advocated by Dr. Pratt would foresee that profits are not permanent and that at the end of the war new markets must be sought by American business. "It is possible," he says, "that when the war and the immediate readjustment to follow are concluded a large part of our present exports will cease to flow to Europe. It is probable that Europe will be unprepared to resume her purchases from the United States on a scale as large as before the war. Moreover, the sales that will be made will be probably largely on credit for a considerable time. It would seem, therefore, to be the part of prudence for us to distribute our trade so widely over the world's markets that the cessation of our business with Europe will be proportionately less important."

"The war has demonstrated," says Dr. Pratt, that the United States is not economically independent. The business public, he says, does not fully appreciate the financial crisis through which the country passed during the period immediately after war outbreak. "It is not too much to say that the United States experienced the severest financial strain in her history during that period," he declares.

Dr. Pratt urges a definite foreign commercial policy by the United States. "This," he says, "is gradually taking shape and a wise and careful administration, American investments abroad are being encouraged. But after all the continuing of a foreign commercial policy is not so much dependent on officers of the government as on the American public—on public opinion and the American public is just awakening to a realization of the situation."

"Questioning as to the value and utility of foreign trade is gradually giving way to enlightened study and appreciation. Those who only a short time ago were apt to declare that domestic markets were large enough are chafing under restraints of temporary handicaps in developing foreign markets."

"Altogether the business community and the public desire to shake off our commercial dependence on Europe and to establish ourselves commercially independent. This desire finds expression in the public interest in international affairs and in our own foreign policies."

"Of suggestions that combinations be permitted in developing foreign markets, Dr. Pratt says: "It would seem the part of wisdom at this particularly critical moment in the development of our foreign trade to extend this privilege by definite enactment or interpretation to manufacturers of combining with other manufacturers for the development of foreign markets."

Free ports modeled after those of Hamburg and Copenhagen are recommended in the report, which says advantages of free ports could be obtained by further liberality in the present bonded warehousing system, the practice of manufacturing in bond and drawback regulations. Changes required could be made in the main, the report adds, by treasury order.

New work undertaken by the bureau and reorganization plans are gone into at length. The commercial attaché service is described as the most important development in the bureau's work during the year. Individual instances of business brought to American houses through efforts of the bureau are related briefly.

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SIR EDWARD GREY MAKES REPLY CONCERNING BARALONG CASE

(Republican A. P. Leased Wire)
LONDON, Jan. 4.—A British statement issued today says:

"Sir Edward Grey, secretary of foreign affairs, has answered the complaint by the Germans through the American embassies regarding the destruction off the coast of Ireland of a German submarine and crew by the British auxiliary Baralong, by referring to a German statement of Sir Edward Grey's to submit such evidence, including the Baralong case, to an impartial tribunal composed, say, of officers of the United States navy. "The foreign office has presented to the house of commons the full correspondence between Ambassador Russell and Sir Edward concerning the case. A memorandum from Germany concerning the sinking of the submarine includes affidavits from six Americans—J. M. Garrett of Kilo, Miss. Charles C. Highower of Crystal City, Texas; Bud Emerson of Eden of Detroit; Edward Clark of Detroit; R. H. Crosby of Crystal City, and James J. Curran of Chicago. The above were all multileters aboard the steamer Nicosia and witnessed the Baralong's destruction of the submarine."

"A further affidavit from Larimore, Holland of Chattanooga, Tenn., who was a member of the crew of the Baralong, was submitted. All the affidavits also are demanded."

The ambassador pointed out that the change in regulations is especially onerous upon native Americans owing to the absence of any general practice in the United States of giving official birth certificates. He also brought the matter to the attention of the German embassy here, and received answer that the new regulations apply to citizens of all countries including those of Germany's allies.

RETURN OF PRESIDENT

(Continued from Page One)

facts and steps in the long controversy. Administration leaders were uneasy today over the prospect of an opposition attack in the senate on an administration policy, but that fear was relieved when the senate after being in session ten minutes adjourned in respect to the memory of the late Justice Lamar. The house showed no uneasiness and the day which had begun with forebodings passed without unbecoming, which the administration feared might further inflame the public mind.

An indication of the administration's intention to proceed cautiously has been in the indefinite postponement of tomorrow's meeting of the senate foreign relations committee, where the situation would have been discussed.

Exits speak of the Baralong as disguised flying the American flag." The Daily News, in an editorial today, pointing out what it terms inconsistencies in the Baralong evidence, says it is possible, even probable, that sea warfare since the sinking of the Lusitania and the Arabic has assumed a degree of savagery which formerly was inconceivable.

"The Germans," says the Daily News, "have torn up kindly sea traditions, and it is idle to expect that their example should be wholly unattractive. When the war is ended, it will be one of the most urgent and difficult tasks of civilization to re-establish them."

"So far as the German protest is concerned, Sir Edward Grey's half ironical offer to submit all cases to an impartial tribunal is a fair enough reply."

The British patrol boat Baralong, according to several multileters on the British steamer Nicosia, which arrived in New Orleans early in October, sank a German submarine, August 15, off Landy. The multileters said that marines from the Baralong killed the captain and ten men of the crew of the submarine after the underwater boat had been sunk, six of them while they were struggling in the water.

Back of the determination to be deliberate, however, officials say there is no intention of acting any less firmly and promptly if the facts warrant. The president and all his advisers are represented as realizing to its full extent that the submarine controversy, drawn over nearly a year with perplexing and critical negotiations, often brought to the breaking point, now is at the most critical stage it ever has assumed and their intention is that the next step will place the government in a position where it will be able to maintain the principles of international law and humanity. They are reported as indicating that all the facts shall be so fully developed that when a move is made it will withstand whatever eventualities follow.

There is always in the background the possibility that the Persia was not torpedoed, or if she was torpedoed that the act cannot be proved, and the assurances of Baron Zwiolenek, the Austrian charge, that should one of his country's submarines be found responsible, reparation and satisfaction would be given, is a relieving factor.

But in the background of the whole case lies the continued destruction of ships with loss of life, after both Germany and Austria have given the United States assurances that passenger ships would not be attacked without warning or opportunity for their non-combatants to find places of

safety. This broader phase of the situation, rather than the one case of the Persia, may become the ground for the next move.

It was indicated today at the state department that the fact that the Persia had a gun aboard when she went down might be an important feature in the case, and that future developments possibly might warrant the United States in advising American citizens not to travel aboard armed merchant ships, even though they are armed for defense only. Secretary Lansing is of the opinion that much depends upon what age, if any, was made of the Persia's gun.

There was an intimation that should it be established that the Persia was torpedoed by an Austrian submarine, the United States might decide that if no attempt were made to use the gun, the act was without justification. If, however, it should be shown that the crew attempted to use or did use the gun, the United States might consider that the commander of the submarine had a right to torpedo the vessel.

Dr. Cook Is Saved
NEW YORK, Jan. 4.—Word was received here today that Dr. Lillian Cook, the medical missionary, who was a passenger on the steamer Persia, had been saved. It was at first feared that she was drowned. Miss Cook, whose home is in Scotland, was on her way to Bombay. She is engaged to be married to the Rev. John W. Warnshuis, a missionary attached to the Arctic mission, India, but who is at present at his home in Holland, Mehu.

BIRD TELLS.

(Continued from Page One)

Mexico would have been averted, the Lusitania would have been afloat and our rank among the nations of the world nothing to be ashamed of. Theodore Roosevelt is the only prominent public man who has protested effectively, and openly, against the crime of Belgium; the rape of American women in Mexico and the murder of American citizens on the ocean. Other public men have ducked and dodged and played the coward. He has swept aside all shams and called a spade a spade. While giving praise to the German people for the economic results accomplished in the last generation, he has condemned in no measured terms their military bureaucracy that has ridden rough-shod over treaties and promises. He has not been stopped by the fear of losing German-American votes, but "has stood square to every wind that blew." Theodore Roosevelt is known world-wide as an exponent of national patriotism and he shows any other man can make a real fight against the milk and water foreign attitude of the Democratic administration. If you can not only unite Progressives and Republicans, but he will get many Democrats who, under no conceivable condition, would follow any other Republican candidate.

Theodore Roosevelt for president. Elihu Root for secretary of state! What a sigh of relief and confidence would come from every section of the country. I repeat—put it up to

the troublemaker leaders. If they refuse to see it they decline to act, then the responsibility for another Democratic victory will be theirs. Yours very truly, CHARLES SUMNER BIRD East Walpole, Mass., Jan. 3, 1916.

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Extinct Volcanoes18 miles
Lava Beds16 miles
Ice Caves16 miles
Prehistoric cliff dwellings	10 miles
Cave dwellings10 miles
Oak Creek Trout Stream	13 miles
Monterey's well50 miles
San Francisco peaks12 miles
(Elevation 12,000 feet)	
Altitude of Flagstaff6907 ft.
Prehistoric Ruins35 miles
Natural Bridge75 miles

GERMAN SUBMARINE CONVEYED IN SECTIONS TO MEDITERRANEAN

(Republican A. P. Leased Wire)
PARIS, Jan. 4.—A large German submarine has been conveyed in sections by the Smyrna railroad to Aidin and thence taken to Budrun bay, in the Eastern Mediterranean, according to a Mytilene dispatch, says L'Ouvreur's Athens correspondent. The dispatch adds that twenty German and Austrian bluejackets in command of a lieutenant are putting the submersible together.

A Berat Albanian telegram says the same correspondent states, that

30,000 Bulgarians after occupying Elasson, from which place the Serbs retired, taking everything of military value with them, have reached Luma, 12 miles from Tirana. The dispatch adds that shots were exchanged Saturday between the extreme outposts of the Italian garrison at Durazzo (on the Adriatic sea) and Albanian irregulars, commanded by Bulgarian non-commissioned officers.

Minor in the Gulf of Kos.